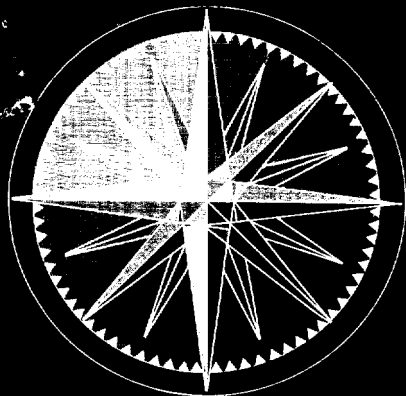


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SPECIAL REPORT

BURMA AFTER TWO YEARS OF THE NE WIN REGIME

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BURMA AFTER TWO YEARS OF THE NE WIN REGIME

When General Ne Win seized power in Burma two years ago, he announced that he would end the factionalism which contributed to the instability of the country's parliamentary governments and that he would eliminate foreign influence. Since then he has indeed renounced democratic methods and adopted a policy of isolation. He is also embarked on a program involving the socialization and regimentation of Burma's economy and society. In the process he has had to quell opposition by the arrest of large numbers of major and minor political leaders, and the public at large has remained apathetic to his program. In recent months, moreover, the Ne Win regime has been harassed by a breakdown in the distribution of staple food items and by an intensification of Burma's chronic insurgency problem.

Authoritarianism

Ne Win's so-called Revolutionary Government of the Union of Burma has made clear its determination to establish an authoritarian state based on the "Burmese Way to Socialism"--the regime's official political philosophy, which purports to reconcile Utopian socialism and Marxism with Buddhist precepts. The private press is gradually being put out of business, partly by deliberate government pressure and partly by disorganization of imports of type and newsprint. The regime's political party, the Burmese Socialist Platform Party, aims eventually to squeeze out all other political groups as the mobilizer and controller of the masses. Monolithic labor and peasant organizations are also being developed. A new class of politically indoctrinated executives is emerg-

ing to replace the old nonpolitical civil service.

With the majority of the people either alienated by the regime or apathetic toward it, the loyalty of the army is critical. Ne Win's major asset is that he is a hero to the rank and file, who despise all "politicians." In order to improve the image of the army among the traditionally anti-military Burmese and to ensure its fidelity, the government is spending much of its energy on a variety of training and public relations programs. These programs attempt both to shape the political outlook of the troops and to identify the army as a whole with Burmese workers and peasants. Officers who have been given extensive political indoctrination are returning to their units to serve as civilian "political commissars." Their curriculum includes material on

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Robert Owen and Saint-Simon as well as on Hegel and Marx. Officers with contacts among the opposition have been purged.

The effort to develop positive support has been accompanied by ruthless suppression of opponents. Over 700 national and local leaders of the parliamentary political parties were arrested last fall. After peace talks with a coalition of left-wing and Communist insurgents were abruptly broken off last November, the regime incarcerated over 700 "above-ground" Communist leaders. At the same time Ne Win cracked down on Burmese students, generally leftist and antiregime, by closing Rangoon and Mandalay universities and arresting several hundred pro-Communist student leaders.

At present, political parties on both left and right are thoroughly intimidated. The Buddhist clergy represents the only functioning organized opposition group. Fearing assassination, the only recourse left to his opponents, Ne Win lives in seclusion and makes public appearances only with elaborate security precautions.

Isolationism

Preoccupied with the problems of transition to a socialist state, Ne Win has intensified Burma's traditional policy of noninvolvement in foreign affairs. The regime is withdrawing from all foreign contacts and seeks to exclude for-

eigners from participation in any Burmese activity. Ne Win himself avoids contact with the diplomatic community in Rangoon and has ordered officials and army officers to limit their foreign contacts.

Information activities of foreign diplomatic missions have been sharply restricted. The latest move of this kind was the closing of the Chinese Communist Consulate in Mandalay, which had flagrantly violated government regulations on the dissemination of propaganda. Even press correspondents and tourists are discouraged from visiting the country. The government has limited the maximum stay under a transit visa to 24 hours, and is not renewing the visas of most foreign residents, including American missionaries. At the same time, "Burmanization" of the economy is causing an exodus of foreign businessmen, particularly Indians and Pakistanis.



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Ne Win's ready suspicion of foreign, especially US intentions toward Burma has recently been heightened by the fact that Bo Setkya, one of his former colleagues, has traveled to the US among other places seeking support for a counterrevolution.

Economic Difficulties

Beginning with the latter half of 1963, Ne Win stepped up efforts to create a socialist economy. The government has nationalized a wide range of industries, taken over most of the foreign trade previously handled by private firms, made itself the exclusive middleman between the farmer and the processor, undertaken to distribute virtually all important commodities, and has instituted new income tax rates designed to eliminate the private business sector, which is made up largely of Indian and Pakistani merchants.

This program is a radical shift from Burma's previous pattern. The difficulty of breaking so sharply with the past is compounded by the inadequacy of the new political and economic leaders, who are almost all military officers with no previous experience in economic matters. By the end of 1963 private business was stagnating and unemployment in the towns had risen sharply. The government in some cases was compelling employers to remain in business, even if this meant operating at a loss. There were also severe dislocations in the supply of

raw materials to Burmese industries such as the Unilever soap factory and various cottage industries, and shortages and maldistribution of basic foodstuffs had become the government's number-one problem.

The distribution crisis began in December with a scarcity of cooking oil, a Burmese staple. The peanut crop had partially failed and the government neglected to order imports in time. Oil prices shot up as consumers panicked; wildfire rumors led to artificial shortages of other staples--rice, salt, and kerosene. As shortages spread and rationing, unheard of in Burma since World War II, was introduced, a sense of real grievance among the people became evident.

The shortages have especially hit Buddhist monks because it has been difficult for their benefactors to provide them with food. Already disaffected by the regime's cavalier attitudes toward religious practices, the monks have been quick to utilize this latest government embarrassment to revive their lagging opposition movement. (See Special Report, "The Buddhist Opposition in Burma," 8 November 1963.)

Insurgency

Insurgency has been chronic in Burma since independence in 1948, and one third of the country's budget is devoted to internal defense. The chief insurgent threat came originally

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from Communist forces, but these groups, operating in central Burma, have gained little support from the peasant population and have gradually shrunk. Ethnic minorities, with a historical antipathy to the dominance of the Burman majority, account for most insurgent activity today. The various ethnic insurgent groups have traditionally demanded independence or at least autonomy with the right of secession. No Burmese government could be expected to grant such demands.

Upon assuming power Ne Win gave high priority to ending insurgency. In April 1963 a general amnesty for surrendering insurgents was proclaimed. In June the regime offered to hold direct negotiations with all insurgent organizations. These gestures were to no avail. By last fall peace talks with all insurgent groups except one faction of Karens had been broken off, and insurgent activity has steadily increased since then.

The thinly spread Burmese Army has had little success in dealing with the insurgents. Army units have been tied down defending principal towns, leaving inadequate forces to hunt the insurgents in the field. The army's efficiency is also hampered by the fact that most of its able officers now are occupying political posts. One indication that the government's anti-insurgent operations are not going well is the increasing censorship of

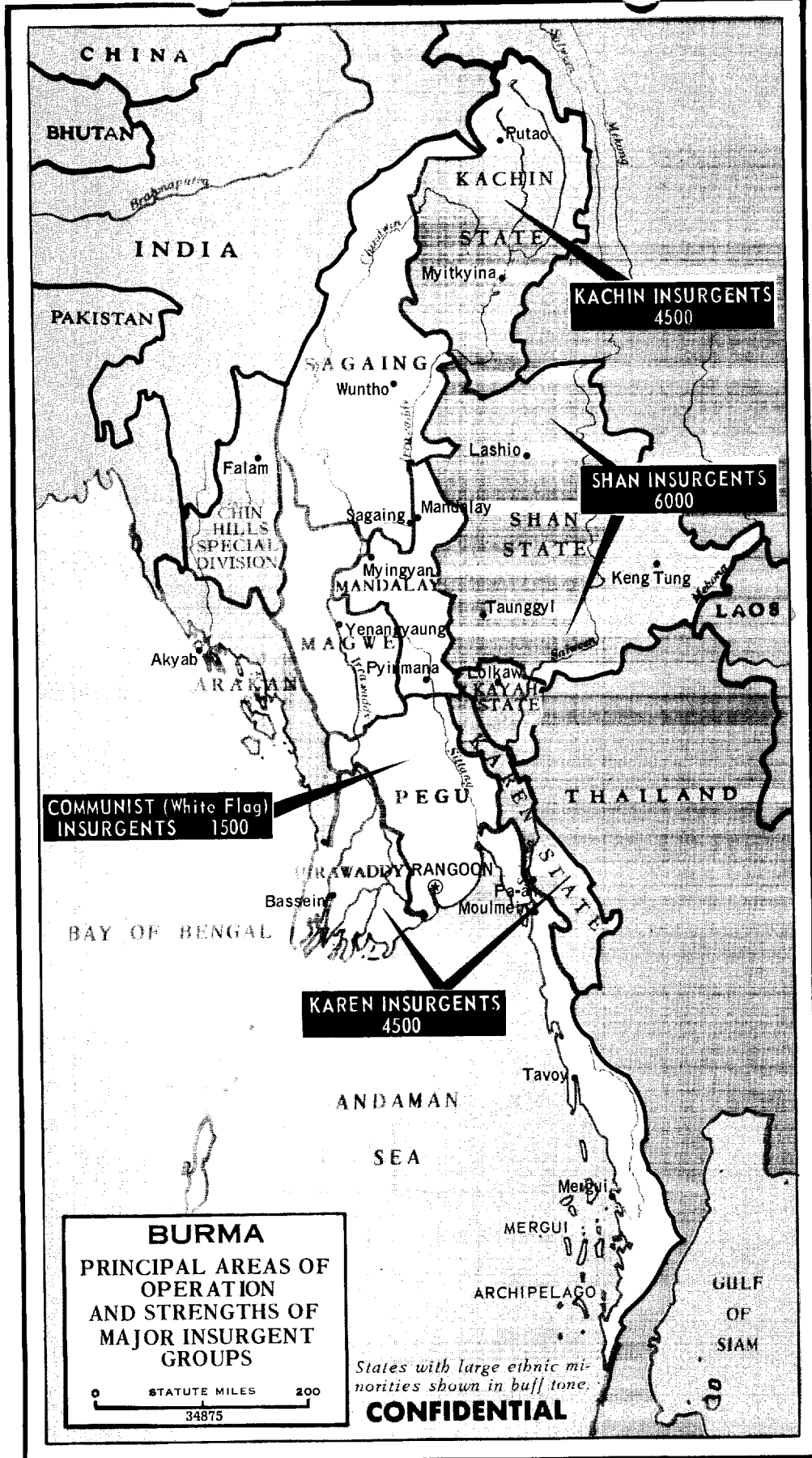
news of insurgent activity. Only a fraction of actual combat is reported; reports reflect government successes of course, but never government casualties, which have been numerous. A government counterinsurgent offensive which was expected to follow the termination of the general amnesty has thus far failed to materialize.

The heaviest action has taken place in the Kachin State, where the Kachin Independence Army (KIA) has exhibited considerable strength and drive. The KIA has de facto control of nearly the whole state outside the garrison towns, which can be supplied by air and water. It has halted virtually all road traffic, and commercial activity is at a standstill. Operating in groups of up to 200 men, KIA units ambush army truck convoys and trains, overrun police stations, and engage in village raids.

In the Shan State, similar but less frequent clashes have



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been reported in recent months, and the government is having increasing difficulty in keeping roads open. Some Shan insurgents have apparently been receiving training from Chinese Nationalists in Thailand, and Shan emissaries buy arms and recruit there. The apparent increase in cooperation between the Chinese Nationalists and the Shan insurgents can be explained at least in part by their common opposition to the government's suppression of the opium trade, in which both groups are heavily involved.

Reports of Chinese Nationalist assistance to the Shans and the general security deterioration in the Shan State have generated rumors in Rangoon that Chinese Communist troops in Burmese uniforms have been operating there at Ne Win's request. Ne Win recently denied to visiting Thai Air Marshal Dawee that there are any Chinese troops on Burmese soil. Dawee in turn promised that Thailand would not allow Shans to be trained and supplied on its territory. Strong pro-Shan sentiment in northwestern Thailand and the Thais' preoccupation with their other frontiers, however, will probably enable Shan insurgents to continue to use Thailand as a safe haven and base of support.

The regime has scored a success with the Karen minority, however. The Karen National Defense Organization (KNDO), the largest and once the most active insurgent group in Burma, is split into two fac-

tions--a small pro-Communist group operating in the Burmese delta region and the larger anti-Communist portion operating in the Karen State and led by Saw Hunter Tha Mwe. Saw Hunter's group began negotiating with the government under an official cease-fire last November.

Saw Hunter's major demand reportedly was incorporation of his forces into Burmese Army or police units stationed in the Karen State. He did not ask for the right of secession for the state, and he publicly expressed approval of Ne Win's policies. On 12 March, an agreement was announced which provides for a joint committee to arrange a cessation of hostilities and the disposition of KNDO troops, future consideration of the enlargement of the Karen State to include other predominantly Karen areas, and cultural and religious autonomy for the state.

Before the agreement, Ne Win had said privately that a settlement would enable him to transfer one third of his troops in Karen areas elsewhere. He also hopes that successful negotiations with the Karens will provide a precedent for other ethnic insurgents to accept compromise terms.

Prospects for a negotiated settlement between the government and the major Communist insurgent group, the Communist Party of Burma (White Flag), appeared good, but last November Ne Win abruptly terminated talks with this group. His action was provoked by the White

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Flag's continuing organizational activities in the countryside and by pressure put on the government by above-ground Communists in collusion with the White Flags.

Since the breakdown in the talks the White Flags have been relatively inactive militarily and seem to have adopted a policy of economic interference as their major weapon. They have warned peasants not to sell rice to the government or repay government loans. These warnings are sometimes emphasized by burning rice storehouses and other acts of terrorism. Despite these measures, however, the White Flags have met with little success in impeding this winter's rice harvest. The White Flags are especially irritating to Ne Win since they themselves are Burmans and operate in economically vital Burma proper. If Ne Win undertakes a general counterinsurgent offensive, they will probably be the primary target.

Outlook

Ne Win's program embodies essentially the same objectives espoused by all Burmese leaders since independence, but his impatience to achieve full "socialism" and his authoritarian methods have alienated broad segments of the population. Yet

the regime appears to be in little danger of overthrow or disintegration. Burma's disaffected elements have proven almost powerless in the face of the army's support for Ne Win. Discontent will have to penetrate the army before the stability of the government is seriously threatened.

Ne Win evidently is determined to press his program despite considerable dislocation of the economy and some risk of popular reaction. In the months to come, Ne Win's inadequate bureaucracy will be hard pressed and the economic strains already in evidence can be expected to become more severe as the bureaucracy becomes responsible for larger parts of the country's life. A total economic breakdown, however, is unlikely. Although doctrinaire in its statements, the regime has from time to time shown itself flexible enough in practice to make essential economic concessions.

The insurgency problem too is likely to remain a constant drain on the regime's resources even though it is not a serious military threat. The frustration of Ne Win's hope to unite the country is not likely to make his regime easier for foreigners to deal with. (CONFIDENTIAL)

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